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THE
EARLY HISTORY OF CANADIAN BANKING

CANADIAN CURRENCY AND EXCHANGE UNDER
FRENCH RULE

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II. FIRST PERIOD OF THE CARD MONEY*

THE introduction and continued employment of card money in Canada, though having very important monetary consequences, had no intentional connection with questions of currency. The card money was entirely a financial expedient. Only to a very slight degree and after much entreaty on the part of the Canadian merchants and officials, was it adapted to currency needs, and then only through a financial channel. It is very necessary to keep this in mind, as it will serve to explain many of the anomalous monetary situations which resulted from the use of the card money. To regard its issue from the point of view of a currency expedient would indicate a degree of stupidity on the part of the French officials, with reference to the nature and functions of money, with which they are by no means to be charged.

In order to account for the introduction of the first card money in Canada, and to indicate its function, it is necessary to outline the condition of the colony just before 1685.

The greater part of that portion of the Canadian revenue

* Chief sources:—

Canadian Archives, Correspondance Générale, Vols. VII.-XLIII.

"Documents relating to the Colonial History of the State of New York," Vol. IX.

"Collection de Manuscrits Contenant Lettres, Mémoires, et Autres Documents Historiques Relatifs à la Nouvelle-France," Vols. I.-III.

"Edits, Ordonnances Royaux, Declarations et Arrêts du Conseil D'Etat du Roi, Concernant le Canada."

"Jugements et Délibérations du Conseil Souverain de la Nouvelle-France," Vols. III.-VI.

"Histoire Monétaire des Colonies Françaises, d'après les Documents Officiels." Par. E. Zay.

which was obtained from the colony itself, was derived from the export tax of one-fourth on the beaver and one-tenth on the moose skins, and an import duty of ten per cent. on certain goods, chiefly wine and brandy. But for some time previous to 1685 the beaver trade had been diminishing. This was due to several causes. The largest quantity and best quality of beaver came from the North-West, and the Ottawa tribe of Indians furnished the middlemen who gathered the furs from the western Indians and sold them to the French. The *coureurs des bois*, however, carried on a large illicit trade in the same direction. As more stringent efforts were made to suppress their trade, they naturally abandoned Canadian markets and carried their furs to the English, whereby they not only avoided the danger of arrest but received better prices for their furs and escaped the tax of one-fourth on the beaver.

The development of the English trade in Hudson's Bay at this time, also drew off an increasing quantity of North-West beaver which usually went to the French. Finally, the growing hostility of the Iroquois, encouraged by the English colonies, manifested itself most actively at first in attacks upon the Indian allies of the French, among them the Ottawas. All these conditions combined, tended to cut in upon the two main sources of revenue from the colony, the export tax on the beaver and the import tax on the goods brought in to exchange for it. The beaver from Canada fell from 95,489 lbs. in 1783 to 23,568 lbs. in 1785.

The Iroquois becoming more threatening, Governor De la Barre requested more troops from France and called out the local forces. With the latter, in 1684, he undertook an expedition to Lake Ontario, which, however, resulted very unfavorably for the colony. The Iroquois were convinced of the weakness of the French power in Canada, the expenses of the colony were greatly increased, and a rupture resulted with the farmers of the revenue who refused, the following year, to contribute the usual amount of funds for the government. In consequence of this combination of circumstances, the Intendant Demeulles found himself running short of funds to meet the increasing expenses, especially for the pay of the troops.

The supplies for Canada, at this time, were provided in

France in the early part of each year for that year only, but did not usually reach Canada till late in the summer. The consequence was that when the stores ran out there was nothing at the command of the Intendant with which to meet the expenses of the first six months of the following year. This did not present special difficulties where the chief payments were to be made to merchants or others who could wait a few months for their money. But, with a considerable military force, the pay of the soldiers had to be provided regularly.

Such were the circumstances in which Demeulles found himself in 1685. His supplies were exhausted, he had neither cash on hand nor stores to sell, yet the soldiers were clamoring for their pay and complaining of the conditions under which they were called out.

In the following letter, dated 24th September, 1685, he describes his situation and the device by which he managed to tide over the difficulty.

"I have found myself this year in very great straits with reference to the supplies for the soldiers. You did not, my Lord, provide funds beyond the first of January last. I made every effort to support them for the whole eight months till September. I drew from my own purse and from those of my friends all that was possible. But at last, seeing it impossible for them to render me any further service, and not knowing to which saint to make my vows, money being very scarce, having distributed very considerable sums on all sides for the pay of the troops, it occurred to me to put in circulation in place of coin certain notes made of cards cut in four. I send you, my Lord, samples of the three kinds, one being for four franks, another for forty sols, and the third for fifteen sols, because with these three kinds I was able to make the soldiers monthly pay. I issued an ordinance requiring all the inhabitants to accept this money in payments and to give it currency. Having pledged my word to redeem the notes no one refused them, and the issue had so good an effect that by this means the troops have lived as usual. There were some merchants who offered me cash, in money of the country, on condition that I should pay them back in money of France, to which however I would not consent, because, in so doing, the king would have lost one

third. That is to say, for 10,000 écus he would have paid 40,000*l*. Thus, by means of my credit and management I have saved His Majesty 13,000*l*."

There are one or two features in this letter worth noting. First, as already observed, the introduction of the card money was obviously not a currency expedient, but entirely a financial one. Secondly, it was not on account of the general expenses of the colony that it was found necessary to introduce the card money. It was due to the necessity of providing for the monthly payments to the soldiers, which could not be postponed. Again, the proposition of the merchants to lend money to the Intendant, on the terms stated, did not indicate a particularly exorbitant demand improvised for the occasion. It was the custom of the time, brought to Canada from France itself, to make large profits at the expense of the government. It was also a settled custom of the merchants of Canada to make advances to the Indian traders and others on the basis of the money of the country, to be repaid on the basis of the money of France. The proposal made to the Intendant differed from that custom only in being an accommodation in money instead of goods, and for a shorter period of time. Moreover, the device of borrowing money from the merchants and others in the colony, if not already practiced by the authorities, was to become a very common expedient with the colonial government, being adopted immediately after this, as we shall see.

The card money, thus issued, was evidently of a very temporary, and indeed of a personal character. The Intendant states that he pledged, not the home nor the colonial government, but his own word for the redemption of the cards, and his last word is that he had saved the king money, not on the basis of the king's credit, but on the basis of his own.

In accordance with the promise made, the cards were evidently redeemed on the arrival of the funds for the year. As the king was sending out extra troops and supplies for an expedition against the Iroquois, there was no occasion for Demeulles to repeat his experiment the following year.

In October, 1686, Champigny arrived to succeed Demeulles as Intendant. He, too, had no occasion, the first year, to resort to any such devices to meet the necessary outlay of the govern-

ment. In his first report on the financial condition of the colony, in 1687, Champigny, while showing that he still has some of last year's appropriation on hand, points out that the extraordinary expenses of the war are sure to require, before the arrival of the vessels the following year, more funds than he has on hand. Evidently wishing to avoid the difficulties of Demeulles, he concludes thus: "In consequence of these considerations, the Marquis de Denonville and myself have found ourselves obliged to order the agent of M. de Lubert (treasurer of the department of Marine) to borrow here the sum of 105,000 l. and to draw letters of exchange on the said Sr. de Lubert, not payable however till the month of May, in order that it may not embarrass him."

By "borrowing" the money before the departure of the vessels, he was able to obtain ready advances in return for bills of exchange payable six months after, because the bills enabled the merchants to purchase, in France, their goods for the coming season. His method was perfectly sound, and had the war not seriously interfered with the trade of the country, it might have been continued indefinitely, the letters of exchange being promptly paid.

But the trade of the colony depended almost entirely upon the western furs, and the fur trade was nearly annihilated by the war with the Iroquois and their other allies of the Five Nations. Thus the country was largely reduced to living on what the king expended in it to carry on the war. Everything depended upon the prompt and adequate supply of funds from the French treasury.

In 1690 part of the supplies sent to Canada were lost in transit, and Champigny, finding himself in the same position as Demeulles, availed himself of the same expedient. But, since the colony was now so completely dependent on France, nothing that would not command supplies from France was of any avail. To pay the soldiers in card money was simply to increase the demand for goods without giving the merchants the means of purchasing them. The natural result was a rise in prices, and a special price for card money.

In 1691 the same difficulty occurred, and a new issue of card money was made, the issue of 1690 being paid off. In his

report to the minister, dated 10th May 1691, Champigny thus describes the situation: "Though Count de Frontenac and I have drawn, through M. de Lubert's clerk, last November, bills of exchange on France for 87,377 l, in order to have funds in this country, we could not meanwhile avoid making this year a new issue of the card money in order to meet all the expenses, as a portion of our funds, which consisted of ammunition, did not arrive last year, and we have redeemed the paper money issued in 1690. It is highly necessary, my Lord, to adopt some other expedient, in order to have funds every year in this country to meet the expenses of the first five or six months of the one succeeding. If you will authorize the payment in France of bills of exchange to be drawn here when the last vessels sail, at two or three months sight, by M. de Lubert's clerk, means will be found to borrow to the amount of 50,000 écus in ready money. We pray you to consider it, my Lord, and to think of the wrong done the troops who purchase for much higher rates for paper money than for specie, and who experience, in addition, considerable difficulty in procuring necessities."

Here we observe that the depreciation of the card money was plainly not due to any lack of faith in its redemption, for the only two issues yet made had been promptly and fully redeemed. The depreciation was due simply to the card money increasing, for the time, the amount of currency without corresponding increase in the goods to be purchased. Hence, as he states, the soldiers not only have to pay more for their necessities, but even find a difficulty in obtaining them. By selling exchanges, however, the currency of the colony was not increased, while means were at once given for the purchase of further supplies.

About midsummer a large addition was made to the military forces in the country by the arrival of further troops from France, giving much joy to the colonists, but adding correspondingly to the expenditure. Writing in October of the same year, Champigny, after giving an account of the increased outlay required, and the inadequacy of the funds sent out, says that Frontenac and he are very anxious not to be obliged to issue card money for the payment of the troops and for the other expenses of the country from the beginning of each year till the

arrival of the vessels. To avoid this for the coming year, they had commanded the clerk of M. de Lubert to obtain from the merchants and traders of Canada, to the extent of 200,000 l. in cash, in return for letters of exchange on M. de Lubert, payable, in the month of May following, out of the funds set aside that year for the colony. He then explains that this will be a great convenience to the Canadian merchants who have now some difficulty in making their payments in France, as there has been but little beaver received this year, and the merchants are loath to trust their money on the sea, a risk which threatens also the King's funds in coming out to Canada. He therefore asks the minister to authorize the payment of these letters of exchange in order that they may be able to adopt similar methods for the future.

From this we gather that the payment of so many troops and other outlay requiring ready money, had necessitated the King sending much specie to Canada every year. On the other hand the falling off in the beaver, which used to be the staple of export against which letters of exchange were drawn, had made it necessary for the merchants to send much specie back to France in default of other means of paying for imports. Hence it naturally occurred to Champigny that it would be much more safe and convenient, both for the merchants and the King to have them turn their money over to him instead of sending it back to France, receiving in return letters of exchange which would be paid in France with the money which would otherwise have been sent to Canada.

His proposal was thoroughly correct as a system of exchange, and as the great naval powers of Europe were at war with France at this time, the risk of sending treasure across the Atlantic was very great. Subject to the influences of a stereotyped bureaucracy, the French ministry was at first slow to grasp the situation, seeing, too, only one side of the exchange process. In the end, however, Champigny's clear presentation of the facts and the increasing risks convinced them, and he was authorized to draw bills as requested.

In considering the financial, exchange and monetary condition of Canada from this time on, constant reference must be made to the situation of France itself in these respects. The

Canadian experience in these lines, though very instructive, was not the result of gratuitous experiment, but mostly the inevitable outcome of the condition of affairs in the mother country. We are now at the period when France began to feel the terrible drain on her resources from the long wars in which she was engaged in Europe and her colonies, broken only by the short peace between the Treaty of Ryswick in 1697 and the opening of the war of the Spanish Succession in 1701. The increasing embarrassment, distress and partial bankruptcy of the Canadian colony, due to its financial and exchange difficulties, simply express the necessary colonial parallel of that even more terrible distress and misery amidst which the greatness and glory of the reign of Louis XIV. expired, and which laid the foundations of the financial disorder and social derangement which culminated in the French Revolution.

During this period many changes were made in the French national currency, which were necessarily reflected in Canada, though, for various reasons, the results were not always the same as in France. Thus in 1686 the French government raised the value of the louis d'or from 10 l. to 11 l. 10s, and other gold coins in proportion. The funds which were sent to Canada in 1687 were therefore all valued at this increased rate. On July 28th, 1867, the Procureur General drew attention to this fact in the Council at Quebec. He pointed out that the louis d'or and pistolle were now rated at 11 l. 10s, the écu d'or at 119 s, or 5 l. 19s, and the demy louis, demy pistolle and demy écu at the half of these sums. The Council therefore ordains that these coins shall be raised to the same value as in France, which will make them, in money of Canada, louis d'or and pistolles 15 l. 6s. 8d., the écus 7 l. 17s. 8d., and their halves in proportion. Again in 1689 the value of both gold and silver coins was raised, the louis d'or being now placed at 11 l. 12s, and the louis d'argent at 3 l. 2s, which valuation was also adopted in Canada. But a re-coinage was undertaken in the same year, when, though the weight and standard were not altered, the value was raised. The louis d'or was issued at 12 l. 10s. and the louis d'argent at 3 l. 6s. The value being raised, the old money was easily recalled in France, but not so from Canada. In his dispatch of October 12th, 1691, Champigny

asks the minister to inform him on what basis the old money may be permitted to circulate in the colony. The new money, he says, is current on the same basis as in France, with, of course, the usual addition of one-third its value. The minister notes on the margin of the letter that an ordinance is necessary to decri the old money in order to force it to return to the mint in France. Such an ordinance was evidently sent but it was not enforced, for, as the Governor and Intendant explained, they thought it unwise to enforce the law when to do so would be to compel the people to send almost all their money out of the country in the two vessels which were about to sail and which might be lost, as were others at that time. Besides, if they once sent their money away it was more than doubtful whether they should ever see it again. The only money which comes to the country is what the king sends, and the colony, deprived of its currency, would collapse altogether, as its present trade is in a very precarious position.

Canada thus continued to retain in circulation a large proportion of a coinage which had been recalled in the mother country. This situation and the natural tendency, under the circumstances, for money to leave the country, revived the proposal, which had never quite died out, for the striking of a special coinage for Canada. In 1695, Frontenac proposed the scheme, suggesting the issue of 100,000 fr. or 40,000 écus to be current in Canada alone. If this is not done he fears that all the money will be drained out of the country in a short time. But when people have little to sell and pressing needs to meet, if they have any money that is sure to go, for it at least is salable. Obviously no special coinage would afford relief under such circumstances.

In 1693 a large quantity of beaver arrived in Canada from the west, giving much joy to the merchants and temporarily relieving the commercial distress. The following year, however, but little came and trade languished.

While the liberty to draw bills of exchange in autumn, to be paid out of the appropriation for the following year, relieved the Canadian authorities from the necessity of issuing card money to meet the expenses of the first half of that year, yet it did not enable them to enlarge the appropriation itself. Hence when, for one reason or another, the outlay of the year exceeded its

revenue, the authorities were once more in perplexity to meet the deficit. This situation occurred in 1690-91, and again in 1692 and 1697, involving the further issue of card money on each occasion. In 1696, Champigny asked for a special appropriation to pay off the cards which represented this floating debt up to that time.

Much of the Canadian funds continued to be invested in goods in France and sent out to be disposed of on the king's account. In 1695, Frontenac, who had always a very lofty sense of the dignity of the Canadian administration, attempted to have this system abolished, and specie sent instead. He urges that the goods are troublesome to dispose of; besides such trucking is beneath the king's dignity, and it is greatly to the disadvantage of the local merchants that the king should have a store six times as large as any of theirs. Neither does he believe that the profit made on the goods is so great that it would materially increase the king's outlay if money were sent instead of goods. Champigny also points out, in partial explanation of his deficits, that the funds sent in the shape of goods to be sold were not immediately available but only as they were disposed of or otherwise used. However, no change seems to have been made at that time.

After several annual requests for funds to pay off the floating debt represented by card money, certain funds were appropriated for this purpose in 1700. Champigny gratefully acknowledges the concession which, he says, will enable him to pay off the deficit due to losses incurred in 1690-91-92. It would appear that the deficit of 1697 still remained unprovided for, and though he declares that the issue of card money has ceased, in accordance with the orders of the minister, yet, when he was succeeded by Beauharnois in 1702 it was found that he had left a considerable amount of card money outstanding. Whether all of this was due to the issue of 1702, or included the remainder of former issues, is uncertain.

Meanwhile the financial condition of France itself was going from bad to worse, and in 1700 the King warns the Canadian authorities that they cannot expect much more assistance from him, as his affairs have fallen into a disastrous condition, and he foresees additional troubles in Europe; nor was his foresight defective.

Various schemes were considered for imposing additional taxes in Canada. In 1702 Beauharnois gives us a glimpse of how the finances were being manipulated in order to make both ends meet. The revenue obtained from Canada between the first of January and the middle of October in 1705 amounted to 29,444 l. An ordinance of the Intendant was issued Sept. 17th of that year, requiring that the import duties on wine and brandy should be paid henceforth in money of France. Card money became a regular means of meeting all deficiencies.

Though the Canadian beaver trade had now resumed its regular course, yet the European market for furs—a kind of luxury—was greatly reduced by the devastating wars which had been going on there. Vaudreuil and Raudot, writing in November, 1708, tell of the sad condition of the colony, owing to the low value of furs, and the recent losses by sea. They have tried every possible remedy, but nothing will answer save a rise in the price of beaver, which they think might be forced on the new company farming the revenue. The merchants of Canada had undertaken to manage the whole beaver trade from 1700. But their attempt fell upon evil days, and they were glad to be rid of it again to a company in 1707. The Governor and Intendant had to acknowledge that while the colony was suffering from the declining value of the card money, owing to inadequate redemption, the letters of exchange drawn on the farmers of the revenue for the beaver sent to France were promptly paid in cash.

Matters becoming rapidly worse with the French treasury, there was an almost complete suspension of appropriations for Canada from 1708 till after the treaty of Utrecht in 1713. Though the expenses of the colony had been considerably reduced, yet the Intendant, having very little local revenue to depend on, had no other resource than the continued issue of card money. The quantity of card money outstanding at the close of 1713 amounted to about 1,600,000 l. The trade of the country was completely demoralized, the merchants claiming that they were ruined.

It being impossible to carry on the government upon card money alone, Begon, the Intendant at that time, having persuaded the people to accept half the face value of their cards, proposed this to the French Court in 1713. The proposal was

discussed and adopted by arret in 1714. The amount of card money outstanding being taken at 1,600,000 l., 800,000 l. were to be paid in five yearly instalments of 160,000 l. each, beginning in March, 1715.

In accordance with this arrangement, bills to the amount of 160,000 l. arrived in France in January, 1715. They were presented to the treasurer and promptly accepted, but when they fell due could not be paid. The importunity of the French merchants holding the bills, being great, the treasurer put them off till June and July with what were practically exchequer bills. But when these were due they could be cashed only at a discount of 60 per cent. They then went to the minister, who referred them to the King's secretary, but there, too, there was nothing to be had. Finally they obtained orders on the treasurer of the extraordinary war funds, and from him they managed to extract 33,000 l. out of 160,000 l.

Bills for 1716 had also been drawn at the same time. But when the fate of those presented in 1715 became known in Canada the people preferred to keep their cards, which were even yet of some value at home, consequently very few were offered for the instalment of 1717.

The letters of exchange drawn on the Company for the beaver exported, having been faithfully paid up to this time, the colony was saved from complete ruin, although a panic was caused by the reported financial embarrassment and dissolution of the Company.

Finally the whole subject of the card money was referred to the Council of Marine for examination and recommendation. The Council reported April 12th, 1717, recommending the calling in and abolishing of the card money. The redemption should take place on the basis of one-half its face value, as already proposed, that being also the valuation at which it was circulating in the colony. As their plan could not be put in operation that year, it was agreed to allow the cards to be issued as usual, but for the last time. The details of their plan of redemption were too elaborate and theoretical to be worked, and a simpler one was adopted. It was also pointed out by the council that, inasmuch as the card money was required by law to be taken at its face value, instead of actually passing for one half its face

value, the price of everything was doubled. But all debts, salaries and fixed charges were paid in cards at their face value, which was manifestly unjust ; hence it was recommended that the cards be reduced by law to one half their face value. They also advised the complete abolition of the distinction between " money of France " and " money of the country," all money to have the same value in Canada as in France.

The King accepted the advice of the council in principle. The final plan for the winding up of the card money system is given in the " Declaration of the King " dated July 5th, 1717, the leading items of which are as follows. To meet the requirements of the last six months of 1716, and the first six months of 1717 the last issue of card money will be made. All the card money, old and new, is to pass for one-half its face value ; thus a card for 4l. will pass for 2l. money of the country, or 1l. 10s. money of France. All the card money must be presented to the agent of Sr. Gaudion, treasurer-general of the Marine. That presented before the departure of the vessels this year will be redeemed in letters of exchange, payable one-third on the first of March, 1718, one-third on the first of March, 1719, and the other third on the first of March, 1720. Letters of exchange will not be given for less than 100 l. The smaller sums were apparently to be paid off in cash. The remainder of the cards were to be presented in 1718 to be redeemed in 1719 and 1720. After the departure of the vessels in 1718 all money not presented will have neither value nor currency. From the publication of this edict the distinction between money of the country and money of France shall cease, all further contracts and transactions to be undertaken on the basis of the money of France, which shall also be the money of Canada. All debts and contracts made previously to this time shall be payable in French money, with a deduction of one fourth, which is the difference between the Canadian and French money. This latter clause may be illustrated by the statement that 15 l. money of France, being increased by one third, became 20 l. money of Canada, which, being reduced by one fourth, became once more 15 l. money of France.

In accordance with this edict, the greater part of the card

money was brought in and letters of exchange issued. A complete statement was sent to France giving the name of each person to whom the exchanges were payable—586 in all—with the amounts due to each in 1718-19-20. The total sum drawn in letters of exchange was 359,696 l. 2s., redeeming cards to the face value of 959,189 l. 12 s. in money of the country.

On the 21st of March the King ordained that those who had contracted debts since 1714, when the value of the card money fell to one half in consequence of being redeemed at one half its face value, should be permitted to pay their debts, on the basis of one half their value, in letters of exchange on the treasurer, M. Gaudion.

The vessels from France were anxiously awaited in Canada in 1718, as those interested in the card money were eager to know whether the exchanges due that year had been paid, or whether the promises of the court were broken again. On October 4th the Governor and Intendant write to say that they have not yet received word of the payment, and the merchants are in great suspense. They have assured them, however, that the bills were paid when due. By the 24th of October they are beginning to despair of the arrival of the ships, which were to bring them the money and stores for the next year, and take back the exchanges for the last card money. They say that most of the specie which came out the year before has returned to France, and the colony is so nearly without money that trade is at a standstill. If the vessels do not appear before the end of the month they will have to suspend the law with reference to the card money and resort to it again. The vessels not arriving, the Governor and Intendant passed an ordinance suspending the law. In the meantime the King had issued an ordinance, on July 12th, extending the time for receiving the card money until the departure of the vessels in 1719.

This seems to have been the last hitch in the operations. All local circulation of the cards ceased in 1719, and in the dispatches of 1721 we hear the last of the Canadian card money of the first period.

From the facts which have been related with reference to this first experience with the card money, it is quite obvious that it was precisely of the same nature as the army bills issued

in Canada by the British Government during the war of 1812-15. Had the exchanges drawn for the cards been promptly paid, as in the case of the army bills, they could not have affected disastrously the currency of the country, for only a temporary over-issue would have been possible. An increase in the amount issued would have meant an increase in the expenditure of the government, which in turn would have meant an increased demand for goods and labor, and this would have involved a corresponding increase in the import of French goods, which would draw off, in return for letters of exchange, the greater part of the extra issue of card money. As the trade of the colony might be enlarged in this way, an increasing quantity of the cards would have remained in circulation to act as a medium of exchange.

It was not the quantity of cards issued in proportion to the population and trade of the colony that led to their depreciation, but simply the inability of the government to redeem the surplus not required as a circulating medium. Had the amount of card money issued not exceeded the needs of the country for a currency, they would not have fallen in value, whether the home government could have redeemed them or not. The need for them as currency would have prevented a call for their redemption.

Thus the card money, like the army bills, though issued simply as a means of enabling the authorities to carry on the affairs of the country, yet, once issued, discharged two totally different functions: first, as a currency or local medium of exchange; secondly, as orders on France for supplies. The first, however, was simply incidental. Further, as the cards were issued only when the government was in straits, owing to the failure of the recognized methods of supply, the real currency function of the cards never had an opportunity to be recognized during this first period. In the beginning of the second period, however, this feature was strongly brought out, as will appear from the facts to be related in the next paper.

Other aspects of the card money as they appeared to the philosophic observer of that time, are admirably stated in a memoir on the subject, bearing date 1711. It contains a shrewd apology for the card money, written from the imperial point of view.

It is stated that nothing but card money is to be found in Canada. This the writer regards as very fortunate for France,

which would otherwise have to supply the colony with about 100,000 ecus yearly, which would be a very serious matter for the French treasury at the time. Of course much of it would return to France in payment for goods, but a great part would also go to the New England colonies, whereas card money could not be sent there. This was very true, and it was equally true that little Spanish coin was now coming to Canada from the New England colonies, as they too were deep in the mysteries of paper money at the same time. Among the other virtues of the card money, according to the memoir, was that it avoided the risk of loss by transport, and the loss of money, as the writer feelingly remarks, is the worst of losses.

Again, it is good policy on the part of the King to render his subjects submissive, and to attach them to his person. This the card money does by making all its value depend on the pleasure of the King as to its redemption. This idea, in a very similar form, was recognized in the case of the Bank of England then recently established.

Further, the card money enables the mother country to completely monopolize all benefit to be derived from the Canadian colony, and this is the height of good policy.

As to its drawbacks : The first is the danger of counterfeiting, both in Canada and from France. The remedy proposed is to call in the money each year to be redeemed in letters of exchange, and then issue new cards with different stamps after the departure of the last vessels. These suggestions were afterwards partially adopted, though the stamps were not changed every year. The writer admits that at present and for some time past, the letters of exchange drawn for the cards have not been very well redeemed ; but it is only proper that the colony should suffer something for the mother country from which it derives all its benefits.

Throughout, the memoir is thoroughly characteristic of the mercantile and colonial policy of the time.

The next paper will deal with the conditions leading up to the second issue of the card money, and the course which it ran.

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